FOREIGN AGRICULTURE

February 1962

Village Water Supply, Spain

Our Cotton Textile Imports
World Farm Output and Trade, 1962
Foreign Market for U.S. Livestock and Meat

UNITED STATES DEPARTMENT OF AGRICULTURE · FOREIGN AGRICULTURAL SERVICE

To report and interpret world agricultural developments

FOREIGN AGRICULTURE

Vol. XXVI • No. 2

February 1962

February Miscellany

In this issue our articles cover a variety of topics and a wide geographic area, but there are four we would like to point out:

The lead article deals with the complex problem of our cotton textile imports, a matter of great concern to many groups. Mrs. Hornbeck explains why and tells what's being done about it.

On page 7, we are starting a new series on foreign markets for our leading farm exports. This month's article gives up-to-date information on livestock and meat products; next month's will be on citrus.

The Cook Islands, sometimes called New Zealand's "Tropical Province," are described by Daniel E. Brady, page 15. Mr. Brady is U.S. Agricultural Attaché in Wellington and last summer he visited these little-known islands in the South Pacific.

In lighter vein is the article on the world's weights and measures. Reading it, you'll be so confounded at the myriad of measuring systems that you'll marvel that trade goes on at all. Nonetheless, it does, for on page 11, we report that 1962 will be another year with a high volume of world trade in farm products.

Cover Photograph

Water is still a very big problem for countless villages all over the world. Typical is La Muela in Spain, where all water must be carted from a nearby lake which, unfortunately, dries up completely in the hot, parched summer months.

Contents

3 The Complex Problem of Cotton Textile Imports

5 Australia Seeks New Markets—Giving U.S. Exporters Some Cause for Concern

7 The Foreign Market for U.S. Livestock and Meat Products

9 The French Sugar Beet Industry

10 U.S. Share of German Rice Market Rises

11 World Farm Output and Trade To Remain High During 1962

12 Ireland Plans To Produce More—and Export More

14 Cotton Highlights for 1961-62 Season In Some of the Major Trading Nations

15 The Cook Islands and Their Agriculture

17 Soybean Markets in Southeast Asia

18 European Tobacco Crop Down in Wake of Blue Mold Attacks

19 Prospects for U.S. Dairy and Poultry Exports to Asia

21 Weights and Measures—Something for Everyone and No Two Alike

23 Trading Post

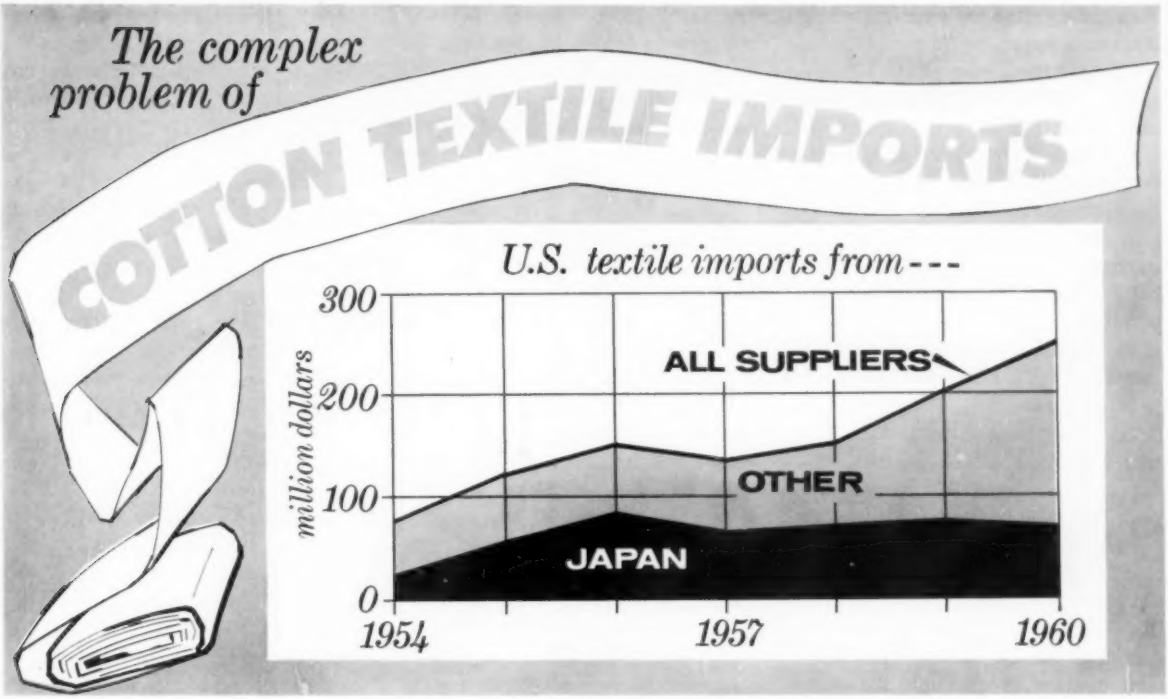
Editor:
Alice Fray Nelson

Associate Editor:
Ruth A. Oviatt

Advisory Board:
W. A. Minor, Chairman; Wilhelm Anderson, F. L. Erhardt, Kenneth W. Olson, Paul E. Quintus, Gerald E. Tichenor

Foreign Agriculture is published monthly by the Foreign Agricultural Service, U. S. Dept. of Agriculture, Washington 25, D. C. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (Sept. 4, 1959). Yearly subscription rate is $1.75, domestic, $2.50, foreign; single copies are 15 cents. Orders should be sent to Superintendent of Documents, Government Printing Office, Washington 25, D. C.

The complex problem of COTTON TEXTILE IMPORTS



By BERNICE M. HORNBECK
Cotton Division
Foreign Agricultural Service

The United States' import and export trade in textiles made of cotton, wool, manmade fibers, and silk is big business, running over a billion dollars annually.

Traditionally, the United States has exported far more textiles than it has imported, but the relative importance of imports and exports varies considerably by fiber. In the past, the United States has exported more cotton textiles than it has imported, but in 1960 the relationship changed and imports exceeded exports. This reversal was the culmination of a long chain of developments and caused increased concern to spread throughout the U.S. cotton textile industry.

Cotton textiles are imported into the United States to obtain items that are otherwise unavailable, but also—more important of late—because of the disparity between domestic and foreign prices of textile products. Our raw cotton export payment program enables foreign mills to purchase U.S. cotton at prices several cents under those paid by U.S. mills, even after export costs are added. Also, foreign wage rates in general, even when adjusted for social costs and perquisites, are substantially below corresponding U.S. levels. These cost advantages, when added to the high degree of efficiency in some foreign mills, particularly in Japan, have resulted in prices that can easily surmount U.S. tariffs on cotton textiles—which on most items are in the range of 10 to 35 percent.

Groups Concerned

Textile imports are of extreme interest to a number of groups within the United States. Cotton growers constitute one of the most important. While their largest single market is the domestic market, growers produce 6 million to 7 million bales in excess of domestic requirements and must look to export markets for the disposition of these quantities.

Cotton merchants, another group, although selling in the domestic as well as in the export market, realize that the textile industry of this country must continue in a strong position for them to maintain their sales. They also realize that the measures restricting cotton textile imports into the United States which are advocated by the domestic textile industry could adversely affect their markets abroad. However, both cotton growers and merchants are aware of the fact that a sizable share of the cotton contained in textiles imported into this country is of non-U.S. origin and competes directly with their domestic business.

U.S. manufacturers of textile products claim that the expanding volume of imports has placed them at a serious disadvantage in view of their higher costs. Yet they are the first to admit that within their industry there are many problems unrelated to textile imports to which they must find answers. They insist that, although a relatively small percentage of the domestic market for goods is filled by imports, these imports depress the domestic price structure, thereby causing difficulties that are out of proportion to their volume.

On the other hand, importers claim that it is to the national interest and in furtherance of U.S. foreign policies that an easy flow of trade be permitted. They consider it axiomatic that in order to sustain a high export level for goods in which the United States has a competitive advantage, this country must also import. Further,

they contend that the forces attracting American buyers to imported goods are an inevitable part of the free enterprise system under which Americans choose to live.

Labor also has a stake in U.S. imports of textiles. Employment of production workers in the textile industry as a whole dropped about 28 percent in the 11 years ending in 1958. Labor has claimed that the sharp rise in imports has seriously aggravated the industry's problems, at the same time recognizing that there are many other factors involved.

Consumers find that imported textiles are sometimes cheaper than similar domestic items, or that they are new, unusual, of special design, or otherwise different from goods available from domestic sources. Imports often have a special appeal simply because they carry a foreign label. But consumers too may have divided loyalties, for some also fall into the other special interest groups such as cotton farmers, textile workers, textile manufacturers, importers, or exporters.

Beyond the shores of the United States there are foreign business firms and governments that have a very substantial interest in U.S. imports of textile goods because of an urgent need to sell into foreign markets. For commercial firms, exporting represents a means of doing more business than if sales were limited to domestic customers. From the standpoint of governments, the urgency derives out of the desire to earn foreign exchange with which their citizens can purchase much-needed goods from abroad that otherwise would be unobtainable.

Prior to the mid-1930's, U.S. imports of cotton textile products were concentrated on specialty items rather than the full range of textile goods. These specialty goods included such items as sewing thread from the United Kingdom, tapestries from Italy and Belgium, household linens from the United Kingdom, and fine, bleached, and printed goods from Switzerland and the United Kingdom.

The cotton equivalent of imported cotton textiles averaged about 2 percent of U.S. mill consumption of cotton annually during the 1934-38 period, less than 1 percent from the close of World War II until 1953, 2.5 percent by 1956, 4 percent by 1959, and about 6 percent in 1960. It is the development of this situation that has precipitated the present interest in the cotton textile import problem.

The Case of Japan

Japan has an important and unique place in this story. Except for the war years, Japan has been the most important foreign source of cotton textiles for the United States since the late 1930's, replacing our traditional European sources, which had usually supplied specialty goods. Japan's prewar exports consisted largely of the "bread and butter" items that were more directly competitive with the mass-produced items so important to the stability of many domestic mills. These textiles were shipped in such volume that strong measures were taken by the U.S. Government and industry to thwart continued expansion.

Postwar exports of cotton textiles from Japan to the United States began to rise steeply in the years 1955 and 1956. Although the goods were of higher quality than in the prewar period, the large volume of shipments were concentrated in a relatively few items. Disruption of the domestic market for these items led the U.S. industry to fear disruption in others. A number of protective moves followed. Several States enacted legislation directed against Japanese textiles. Boycott movements appeared, and legislation was introduced in the Congress which, if it had been enacted, would have imposed quotas on Japanese textiles.

In an attempt to mollify this rising protectionist movement in the United States, the Japanese cotton industry unilaterally imposed and enforced quotas on exports to the United States for cotton fabrics and blouses for the year 1956. But throughout 1956 Japanese textiles continued to be imported at unprecedented rates, especially the uncontrolled items.

During this time, the U.S. and Japanese Governments worked together to develop a mutually satisfactory quota system to cover all categories of cotton textiles. This so-called "voluntary agreement" called for a quota for 1957 of 235 million square yards, and included made-up goods, knit goods, and other cotton textile products, as well as cotton piece goods. But even this did not stop the pressure of imports. The control of cotton textile exports by Japan, combined with a high level of demand in this country, created the climate for increased imports from other sources—countries that for the most part were new suppliers of textiles to the United States.

These new suppliers were, in order of importance in 1960, Hong Kong, India, Portugal, Spain, Egypt, Taiwan, South Korea, Okinawa, Pakistan, and Israel. Although these sources supplied about 40 percent of total cotton textile imports in 1960, Japan continued to maintain its lead.

The cotton equivalent of 1960 imports, as mentioned earlier, equaled about 6 percent of domestic mill consumption. The ratio was much higher for some items than for others. For example, in 1960 very small quantities of hose and of men's and boys' undershirts and briefs were imported, but should the consumer have purchased carded gingham garments or carded gingham piece goods, chances were better than fifty-fifty that the item would be of imported fabric.

Action to Date

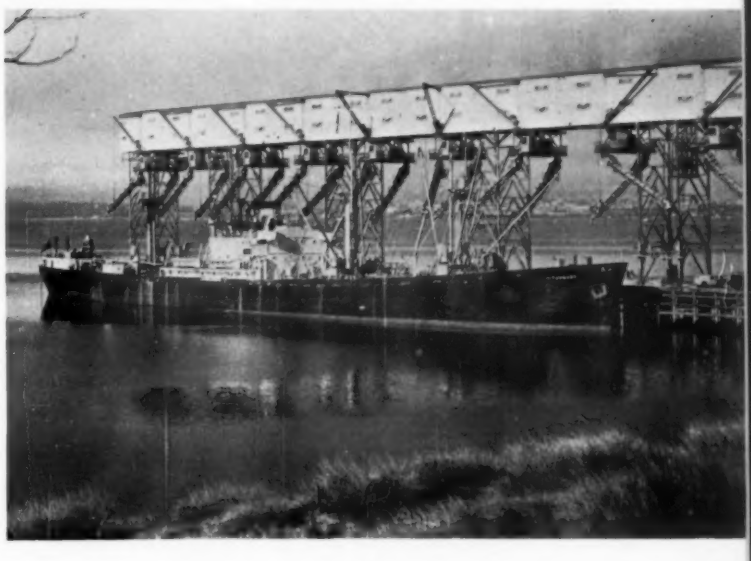
While this problem has been building up, the U.S. Government and the U.S. textile industry have made numerous attempts to meet it. On the "Hill," a Senate resolution was passed in 1956 directing the Tariff Commission to give priority to "escape clause" actions for relief of the textile industry. A new section of the Agricultural Act of 1956 provided the President with broader authorization for the control of imports. And a Senate subcommittee (known as the Pastore committee) was created to investigate the problems of the textile industry. This Senate committee conducted extensive hearings and issued reports in 1959 and 1961, in which it made a number of recommendations for assistance to the textile industry.

In 1959 the National Cotton Council filed a Section 22 action[1] against

[1] Section 22 of the Agricultural Adjustment Act of 1938, as amended, provides for the imposition of fees or quantitative limitations on imported commodities which interfere with agricultural programs.

(Continued on page 22)

Left, wheat harvest in New South Wales. Below, conveyor belts carry wheat from bulk storage to ships. Wheat yields, quality, and export volume are all rising.



Australia Seeks New Markets

—giving U. S. exporters some cause for concern

The United States can expect increasing competition from Australian agricultural products in the next few years as production increases and market development activities are stepped up in that island continent.

Some of Australia's basic agricultural exports—grains, livestock products, and fruits—are almost the same as the United States'. Production of these and other products has increased 50 percent since World War II and will go still further as Australia's newly irrigated areas boost output of livestock, rice, and fruit.

At present the United Kingdom is the major market for Australia's exports. However, as production increases, so will the search for new markets. In recent years, Australia has signed bilateral trade agreements with Japan, West Germany, Malaya, Ceylon, and Indonesia. Trade fair and trade mission activities have been augmented in Western Europe, the Middle East, Japan, and Southeast Asia. Sales of such commodities as wool and wheat to Communist Bloc countries have increased in the past 5 years.

The Australian Government last fall appointed its first trade commissioner for South America and plans to begin bimonthly shipments of a long list of agricultural products directly to Callao, Peru, and other South American ports late in January. Among the products headed for South America are wheat, meat, fresh and dried fruits, breeding cattle, cigarettes, and barley.

Wheat is the commodity in which the United States and Australia will be most energetically competing for foreign markets. In Australia, yields have increased from 12 bushels an acre in the 1930's to 17 bushels an acre since 1950-51. The area planted to wheat has also been expanded, and high-protein, better-baking-quality wheats are being developed to supplement the soft average-quality wheat that now forms the bulk of Australia's production and exports.

Furthermore, Australia is an important producer of barley, oats, and rice and will be competing with the United States as an exporter of those three grains, as well as of wheat.

The United States can also expect increased competition from Australia in the Canadian dried and canned fruit markets. Prices, including cost of production and transportation, and tariff considerations will be important factors there.

Currently more than 90 percent of Australian canned fruit exports, chiefly peaches and pears, go to the United Kingdom and most of the rest to Canada and West Germany. Although American and Australian canned fruit packs enter the markets at different seasons, long-range market planning causes overlapping in actual sales and tends to extend competition throughout the year.

Most of Australia's dried fruit goes to the United Kingdom, Canada, and New Zealand and, like most Australian products, enjoys tariff preferences in all three Commonwealth markets.

Livestock byproducts—tallow and hides and skins—may be still another ground for U.S.-Australian competition. If livestock slaughter in both

Above, appraising tobacco in a Queensland co-op's auction shed. Left, apple picking in Victoria. U.S. exporters can expect more competition from Australian tobacco and fruit growers.

Merino sheep like these produce quality wool for export to the United States and other world markets. Australia also sells hides and meat.

countries should increase, stronger price competition could result, particularly in the market for hides and skins in Japan and Western Europe.

Four-tenths of the tallow Australia produces is surplus and is exported. This is the equivalent of about one-tenth of the annual U.S. export total. Efforts to diversify markets have increased the amounts of Australian tallow going to Japan, South Africa, Thailand, and the West Indies.

One of the big unknowns involved in predicting future U.S.-Australian trade competition is the effect of the European Common Market (EEC). Both its agricultural policies and the United Kingdom's status in reference to it are uncertain. Therefore, forecasts are difficult to make of the extent to which American and Australian products will compete with each other and with other countries' goods in the United Kingdom and EEC areas. Grains, apples, and canned and dried fruits are the major commodities sold in these markets.

Nor will competition be exclusively in third countries. U.S. products will continue to be displaced in Australia as that country increases its production of cotton and tobacco, two products normally imported from the United States. In the cases of both cotton and of tobacco, manufacturers are given special tariff concessions. With tobacco they must agree to use a fixed percentage of domestic leaf, and domestic supplies of cotton have to be exhausted before manufacturers can get a tariff rebate on imports.

The Australian-U.S. balance of trade will be further tipped in the former's favor if U.S. wool output continues below domestic requirements and Australian wool can meet the growing competition of synthetic fibers. Australia may also continue to export some meat to the United States, especially manufacturing grades for such products as cold cuts, frankfurters, and hamburgers.

A more detailed discussion of imminent U.S.-Australian competition is available in Mary E. Long's publication "Australia's Agricultural Production and Trade Policies Affecting U.S. Farm Products," Foreign Economics Research Report No. 3, on which most of this article is based. The publication is available upon request from the Office of Information, U.S. Department of Agriculture, Washington 25, D.C.

THE FOREIGN MARKET For U.S. Livestock and Meat Products

By CLAUDE E. DOBBINS
Livestock and Meat Products
Foreign Agricultural Service

The United States is meeting stiff competition in world markets for its livestock and meat products, and this competition will continue to increase. At present, U.S. exports must face hindrances of many kinds—price competition, tariff restrictions, import licensing, price support programs (which may be accompanied by export subsidies), bilateral agreements and dollar restrictions, and rigorous inspection requirements.

Under the circumstances, U.S. export achievements during 1961 gave cause for some satisfaction. In the first 9 months, shipments of livestock and meat products totaled $268 million, compared with $246 million in the same period for 1960. Exports during all of 1961 are estimated to have exceeded the $346-million value of 1960 shipments. Exports of tallow and grease made up about 38 percent of the total value; hides and skins, 22 percent; lard, 13 percent; and variety meats, slightly over 7 percent. The remaining 20 percent was made up of red meats, casings, sausages, mohair, and live animals. Total 1961 exports of tallow and greases, hides and skins, and variety meats were above the 1960 level, while exports of lard dropped substantially.

New problems lie ahead, however. The European Economic Community (Common Market), which presently comprises Belgium-Luxembourg, France, Italy, West Germany, and the Netherlands, has set up common external tariffs on livestock and meat products. These tariffs are expected to discourage the Common Market's imports of U.S. livestock products as its internal tariffs are gradually lowered to zero. However, the area as a whole will probably continue to be a net importer of some livestock and meat products.

The United Kingdom, the world's largest importer of meat and meat products, has applied for membership in the Common Market. Though it will continue to be a large net importer and an important outlet for U.S. commodities, as a member of the Common Market group it will eventually depend to an increasing extent upon the Community's production.

Thus the U.S. livestock industry faces the probability of changes in trade and farm policies abroad. It faces, too, the certainty that meat production and livestock numbers are still on the rise the world over as well as in the United States, where continued high slaughter of both cattle and hogs is expected during 1962. The United States will have for sale increased quantities of its major livestock export products. How does the market look for each?

Lard

Lard exports from the United States in 1961 are estimated at 420 million pounds or 200 million less than in 1960 and the lowest since 1953. This decrease is attributed to relatively high U.S. prices, increased production in Western Europe, and U.S. limitations on trade with Cuba—previously the second most important U.S. market. The United Kingdom, our top outlet, imported only about 275 million pounds, compared with 355 million in 1960; our exports to Cuba plummeted from 159 million pounds in January-September 1960 to 43 million in the same months of 1961.

Increased U.S. lard production during 1962, combined with prices averaging below those of 1961, should help stimulate exports during the coming year. However, increased hog slaughter in Europe during 1962 will create still more competition in the important U.K. lard market.

U.S. lard is facing tough competition all over Europe, and in the long run the market there is expected to decrease. The Common Market is planning to increase external tariffs on lard from 10 to 20 percent, a move which will tend to price U.S. lard out of the market. Already the area as a whole is a net lard exporter, West Germany being the only substantial importer and a significant market for U.S. lard. France and the Netherlands are the leading U.S. competitors in the other Common Market countries. Even with the present duty of 10 percent, U.S. exporters would be feeling increased pressure as the duty on lard between Common Market countries is gradually reduced to zero.

Tallow and Greases

U.S. tallow exports during 1961 set a new record of about 1,750 million pounds. In the first 9 months of the year, the increase in exports was attributable to larger takings by Japan and the shipment of approximately 197 million pounds of tallow to the USSR. Exports to West European countries were down during the early months of the year, when U.S. prices averaged several cents higher than the average for 1960; but purchases by the Netherlands and Italy increased after U.S. prices declined in July. During the

latter part of the year, tallow shipments continued high because of increased production and slightly lower prices. Japan was the major U.S. tallow market in 1961, importing an estimated 390 million pounds. Western Europe, however, continued to take the majority of our exports, the Netherlands and Italy being the most important markets. Shipments to Africa and South America declined.

Prices are likely to remain encouraging to U.S. exports in 1962. Both cattle and hog slaughter are expected to attain even higher levels than those reached in 1961, when increased slaughter—especially that of a higher percentage of grain-fed steers—boosted U.S. production of tallow and greases to about 4 billion pounds, more than half of total world output.

The level of U.S. tallow and grease exports depends not only on the volume of tallow produced by Australia, New Zealand, and Canada, the main competitors in these products, but also on competition from vegetable oils from Mainland China and Africa. At present, there is an external tariff of 2 to 4 percent on tallow and greases within the EEC market; this tariff, however, is not prohibitive to U.S. tallow and greases.

Variety Meats

During the first 9 months of 1961, exports of variety meats totaled $19.9 million, compared with $17.5 million for the same period in 1960. This rise was stimulated by large supplies and competitive prices. The liberalization of variety meats in the United Kingdom in November 1959 has brought an expansion of the market there for frozen beef and lamb variety meats. During the first 9 months of 1961, the United States was the second largest U.K. supplier of beef variety meats and the third largest of lamb variety meats. U.S. exports of variety meats to France have also risen substantially with the progressive removal of restrictions on this trade.

This favorable export situation, however, could change if U.S. variety meat trade with the EEC countries is hampered by the imposition of the proposed 20-percent tariff. It would be difficult for the U.S. producer to compete in price with producers in the EEC countries, who could supply the markets on a duty-free or preferential basis.

Not only in the Common Market area, but in the world in general, competition is growing as variety meat production trends upward. In the major exporting countries, production is increasing substantially, while domestic demand stays at the same level or in some countries decreases. As a result, export surpluses are rising.

In 1961, Australia, New Zealand, Denmark, and Ireland furnished most of the increasing competition. Argentina may join these countries in 1962 or 1963 with a substantial increase in exports. In the past 2 years, some of these countries—particularly Australia and New Zealand—have accelerated their efforts to expand and develop markets for variety meats.

Hides and Skins, Mohair

Exports of bovine hides and skins from the United States during the first 9 months of 1961 totaled 7.7 million pieces, an increase of 27 percent over the same period of 1960. Japan is the largest market for U.S. bovine hides and skins, followed by the Netherlands and West Germany. U.S. exports of sheep and lamb skins continued to rise during the first 9 months of 1961, totaling 1.8 million pieces compared with 1.6 million in the January-September period of 1960.

The principal U.S. competitors for markets in cattle hides and skins are Argentina, Australia, France, the Netherlands, West Germany, the Republic of South Africa, New Zealand, Canada, and Brazil; competition in sheep and lamb skins comes from Australia, New Zealand, the Republic of South Africa, Argentina, and Uruguay.

Little change appears in prospect for exports of hides and skins in 1962. The longterm outlook is for increased competition from substitute materials that may reduce markets both at home and abroad. On the other hand, there are large areas of the world where the people cannot yet afford leather shoes; these markets could consume much larger quantities of leather as consumer purchasing power and standards of living increase.

U.S. exports of hides and skins to the EEC countries—at present an important market outlet—are expected to remain duty free under the new agricultural policy; therefore, no change is expected in the volume of U.S. trade. Of the considerable amount of leather goods the United States is currently importing from Common Market countries, many are manufactured from U.S. hides and skins.

The growth of U.S. exports of mohair (fleece from Angora goats) has been rapid since 1953. Before then, shipments were negligible. Since then, there has been an increase in almost every year through 1959, when total exports reached 18.6 million pounds. In 1960, exports fell to 13.5 million, but the latest data for 1961 indicate that they had gone up 15 to 20 percent higher. The United Kingdom takes about 90 percent of all U.S. mohair exports.

The United States, Turkey, and South Africa produce nearly all the mohair in the world. Both the supplies and the alternative uses of mohair are, however, limited. Demand has historically been erratic, a tendency reflected in wide and abrupt price variations. Mohair is a specialty fiber and the demand for it is greatly affected by fashion changes. Since it is generally more expensive than wool, the demand for it is greater during periods of prosperity.

Looking Ahead

The volume and value of the international livestock and meat trade may be expected to expand further in the long run, but the largest portion of the trade will go to a relatively few important producing and exporting countries such as Argentina, Australia, New Zealand, and the United States. These countries, through a combination of favorable production resources with efficient processing techniques, have achieved and will retain the ability to supply reliable quantities of uniformly high-quality products. They will increase pressure on available import outlets through improved marketing techniques, trade agreements, and tariff negotiations; and, although there may be substantial shifts in the proportions of the market that the individual countries supply, this group of countries will probably be the major exporters of the future.

The French Sugar Beet Industry

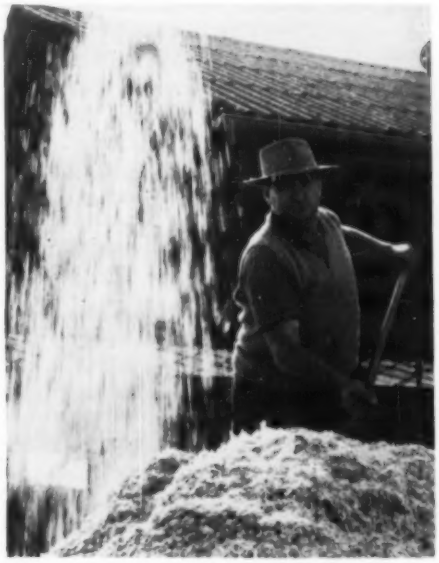
When Napoleon ordered France's farmers to plant sugar beets and financed the building of sugar factories, he was trying to thwart the blockade that was cutting off sugar supplies from the Americas. By this step he set in motion an industry that has become an extremely profitable one for French farmers and which, within the last year, has made France the No. 1 sugar producer of Europe—excepting, of course, the Soviet Union.

Were France able to export this sugar everything would be fine. But if France has been enjoying bumper beet crops in the last couple of years, so has the rest of Europe. And furthermore, for France to export sugar at world prices means paying subsidies which are a drain on the treasury.

To cope with the situation, the government lowered its quotas so that the 1961 beet crop of 11.5 million tons is 29 percent below the all-time record of 1960. Yet stocks are so high that Europe still has a lot of sugar for shipping to franc zone countries—and for the French people to eat.

Photos, Bien Public, Dijon

Below, delivering sugar beets by barge at Chalons s/Saone. At right above, farmers discuss harvest as their beets are unloaded at factory.



Right above, beet pulp recovered at sugar factory is used for cattle feed. Below, topping the beets, and right, a beet that tipped the scales at 9.4 kilos.

U. S. Share of German Rice Market Rises

By DEXTER V. RIVENBURGH
Grain and Feed Division
Foreign Agricultural Service

West Germans seemingly are heeding the slogan of the promotion-minded West German rice millers to *Jetzt Reis Essen*—Eat Rice Now! They are eating more rice than any other Europeans and—since West Germany raises none—they are importing more rice, too. This fortuitous combination has been very profitable to U.S. rice growers, who supplied 33 percent of Germany's total rice imports in 1960, and whose share in the West German market rose to 38 percent in the first 7 months in 1961.

It was not always thus. Not too long ago, Germans were eating less, not more rice—West Germany was importing no U.S. rice—and the Germans were pursuing policies that lent little encouragement to domestic rice consumption or to imports of U.S. rice.

In point of fact, West German rice consumption and imports have had a full quota of ups and downs.

Free Trade Stimulus

In 1933, per capita rice consumption stood at a record high of 8.4 pounds. Between 1913 and 1931, re-exports of rice from German mills ranged between 400,000 and 500,000 metric tons annually. The mills were handling about 95 percent of all German imports both for domestic use and for re-export.

U.S. rice exports to Germany between 1920 and 1928 ranged between 9,000 and 18,000 metric tons a year, and in 1921 reached 30,000 tons. Sales were then predominantly of milled rice. Rice mill feed exports stood at 16,316 tons in 1913 and at 19,267 near the end of 1932.

Then in 1933, Germany's strong protectionist policies ended free trade in rice. Trade agreements and special tariffs resulted in the exclusion of almost all rice imports save those from Italy. Germany agreed to import 50,000 metric tons of brown rice annually from Italy over a 5-year period.

There were two results. Most of the profitable re-export business was lost, and because of high domestic prices, per capita consumption fell to 6.8 pounds a year.

During the war period, nearly all Germany's milling capacity was totally destroyed. Reconstruction costs—distorted by rebuilding a milling capacity about 3 times current imports—and the continuation of protectionist policies forced domestic rice prices still higher. Domestic consumption fell to 3.5 pounds per capita in 1950, or about 42 percent of what it had been 17 years before.

For the 10 years between 1938 and 1948, U.S. exports were nonexistent. Exports of 2,000 metric tons in 1948-49 dropped to an annual average of 636 metric tons between 1950-55.

Then in 1958-59, U.S. exports jumped to 50,727 tons, dropped off to 30,818 in 1959-60, and rose again to 47,459 in 1960-61. These exports were primarily brown rice grades of both long and short grain varieties.

Several factors are responsible for the emergence of the United States as a major source of rice for Germany.

In 1957, West Germany shifted from the high protectionist policies in existence since 1933, and permitted brown rice to enter on a duty-free basis and milled rice with a 15 percent ad valorem duty; currency controls were adjusted to permit rice to be bought for dollars. At the beginning of 1959 the U.S. payment-in-kind program for rice began. And just about this time, U.S. firms began to offer brown rice on a competitive basis under specifications acceptable in the German market, and to promote sales of milled rice and specially processed items.

Whether considered as a return to a former market, or as a new market for virtually new products, U.S. rice exports to West Germany now show considerable promise, especially for top-quality production. Relations between German importers and U.S. rice growers are excellent.

The U.S. Rice Export Development Association, already operating effectively in the United Kingdom, Sweden, Denmark, the Netherlands, Belgium, and Switzerland, will soon begin a full-scale development program in West Germany. Heretofore, rice export development in West Germany has been confined largely to participation in trade fairs at Munich, Cologne, Stuttgart, and recently, at Hamburg.

U.S. rice exporters are, of course, alert to possible restrictions on free trade after July 1962 when the Common Market's transition period begins. At the moment, there are within the Common Market four rice importing nations which produce no rice. West Germany is the largest. Italy is the only rice exporter; France is almost self-sufficient with the aid of imports from Madagascar, and exports none.

U.S.-German Trade Rapport

Italy's rice exports are nearly sufficient to meet total Market consumption requirements, if volume alone is considered. However, Italy primarily produces short grain rice. Italy cannot, because of climate, grow the long grain type the United States exports to West Germany and the Benelux countries, and for which there is considerable consumer preference.

The Common Market presumably will try to maximize the self-sufficiency of the area. For West Germany this could mean a return to the 1933-57 protectionist policies which cost the West German rice industry so dear.

Proposals now being considered by the Common Market seem to disregard the trade ties between member countries and nonmember producers, the single exception being those between France and Madagascar. Should these proposals be accepted, Germany and the other Market countries would gravitate toward trade isolation from the rest of the world.

However, it is quite possible that these proposals will not be accepted, or will be modified to permit the continuation of present trade patterns. If Market policies on rice are liberal, and adapted to the economics of rice producers, importers, and processors—and with due regard to consumer preferences—then the West German outlet for U.S. rice could be maintained.

World Farm Output and Trade To Remain High During 1962

World output of agricultural products in 1961-62 is expected to be almost at the record level of last year. For the first time since crop year 1954-55, the sharp rise in the level of agricultural output has been interrupted in the more efficient producing areas of the world, while it continues to a significant degree in several of the less developed regions.

The economic position of world agriculture at the end of 1961 was stronger in several respects than was the case earlier in the year. International trade in farm products reached record levels; some burdensome surpluses, particularly of wheat, were reduced; world prices of farm products generally were well maintained relative to prices of other primary products; and prices of several major farm commodities such as wheat and soybeans were substantially improved.

Contributing to the reduction of surplus stocks was the large-scale movement of food into developing countries. Despite the record agricultural output in 1960 among free nations in East and South Asia, these regions imported wheat, cotton, and vegetable oils in 1961 to supplement domestic production, to build reserve stocks, and to aid in achievement of their economic goals.

Trade and Prices

A high volume of world agricultural trade is likely in 1962 because of the phenomenally high level of economic activity in Western Europe and Japan, renewed growth in U.S. industrial production, and the need for further food imports to implement development programs in less developed countries.

Non-European countries supplying the West European market became increasingly concerned in 1961 that the European Economic Community (EEC) might adopt common agricultural policies that would greatly restrict imports of farm products. Various discussions took place during 1961 between EEC and supplying nations on the future of their agricultural trade relations. Finally the United Kingdom made application for membership in the EEC and began negotiations on the conditions surrounding its entry. Denmark and Ireland also have applied for membership. The results of all these discussions and negotiations may influence the future pattern of agricultural trade.

With the slight decline in world export availabilities and an upturn in economic prospects in the Free World during the second half of 1961, some improvement from last year's low prices of agricultural products in international trade appears likely in 1962. Prices averaged lower in the first half of 1961 than in the first half of 1960, but showed a tendency to recover in the second half.

In 1961, prices of coffee, sugar, and cocoa again were lower than in the year before. Expected in 1961-62 are another large coffee crop, a relatively large sugar crop, and a slightly smaller cocoa crop. Signs of a somewhat rising demand for each of these commodities, plus export restrictions under international sugar and coffee arrangements, may tend to prevent further price deterioration.

Wheat prices tended to rise during much of calendar 1961, rather sharply in the third quarter. Among contributing factors were (1) the cumulative effect of continuing large movements of grain from export surplus countries to less developed countries with significant sales by Canada and Australia to Communist China; (2) a short crop in the spring wheat belt of North America; (3) and a growing awareness among industrial countries that aid to less developed nations in the form of food, of which wheat would be an important part, would be required of the more fortunate nations for some years to come. Continued firm grain prices appear probable.

Aid and Economic Development

International aid to developing nations, in the form of technical assistance, support for agricultural development, and direct shipment of agricultural commodities, was at a high level in 1961. The United States provided the bulk of such assistance.

Last year, consideration was given, especially in FAO meetings, to the 1960 resolutions of the FAO Council and the UN General Assembly for establishment of new channels for supplying aid to less developed countries through the UN system. As a beginning the United States offered to contribute $40 million in food aid toward a $100-million emergency food aid program. In November the FAO Conference adopted the proposal.

Longer Range Outlook

Economic studies in developing countries and projections of food and agricultural requirements indicate that there are many countries that are unlikely to become economically viable without food and other assistance.

The World Food Budget, 1962 and 1966, published by the U.S. Department of Agriculture in October 1961, indicates that world food production will not increase fast enough in the next 5 years to provide all countries with an adequate diet. Countries in Western and Eastern Europe (including the Soviet Union), Canada, the United States, Japan, Australia, and New Zealand should be able to produce enough food, or things than can be traded for food, to maintain their present high nutritional levels.

Despite a rapid population growth, improvement is seen for the food supply of Asia (not including Communist areas), Africa, and Latin America for 1962, and further improvement is forecast by 1966. But imports of wheat and other food commodities providing calories and protein will have to be increased in those regions if nutritional standards are to be met.

Large deficits will continue for the Far East and Communist Asia for both 1962 and 1966. This large land area, which holds half of the world population on a fourth of the arable land, accounts for 85 percent of the total food deficit and is the major food problem area of the world.

For fuller details, see *The World Agricultural Situation, 1962,* published by USDA's Economic Research Service in January. This article is a summary of that report.

Left, loading 1,100 tons of frozen meat at the port of Dublin for shipment to New York. Below, grading potatoes. Exports of most Irish farm products are increasing.

Ireland Plans To Produce More—And Export More

By WOODROW A. SCHLEGEL
Regional Analysis Division
Economic Research Service

Nearly 4 years ago Ireland embarked upon a program of economic growth, with the ultimate goal of doubling the national income in 35 years. Industry was spotlighted as the surest means to that end. In the past few years, it has accounted for an increasingly larger part of the gross national product and has earned more and more of the country's export revenues. At the same time, it has been absorbing some of the many Irish farm people who leave the land each year.

Yet despite this stress on industrial development, agriculture remains the more important arm of the Irish economic structure. Agriculture employs about 40 percent of the total labor force, contributes a quarter of the national income, and supplies two-thirds of total exports. So, though the profits from industry loom larger, the Irish Government was not so shortsighted as to bypass agriculture in its economic planning. One objective under the new program is a 25-percent increase in total farm output.

This 25-percent increase is destined for export. At the present time, about one-third of Ireland's agricultural production is consumed on farms, one-third is sold for consumption within the country, and the remaining third is exported.

Were Ireland like many of the traditionally agricultural countries now seeking to industrialize, the chances are that this greater abundance of food would be absorbed at home as incomes rise. Ireland's situation is quite different. Its people enjoy an abundance of food, and its population is now declining slightly rather than rising. The possibility of this extra food being used up within the country is quite slim; consequently it should become available for export, thus augmenting the national income.

Ireland's program for economic expansion went into effect in April 1959. That year the value of the gross national product rose 5 percent to $1,711 million and the following year moved up to $1,817 million. Much larger stocks of cattle and sheep were mainly responsible for the 1959 increase, whereas the 1960 figure represented a more balanced economic growth.

Farm Exports

The year 1960, however, was a profitable one for Irish agriculture. The value of farm commodities exported reached a high level. In volume, cattle numbers were above those of the previous year, though lower than in the peak years of 1956-58; and shipments of other farm products were way up.

This was all the more surprising in view of the unseasonably bad weather that caused an almost complete failure of crops at harvesttime. But the wet weather kept pastures in top condition, so that by selling large stocks of fat and feeder cattle the livestock export trade made a small recovery over the low level of 1959, despite lower cattle and pig prices.

Milk production also rose substantially in 1960 because of the improved pasture conditions, while heavy government grants and subsidies on beef and pig exports did much to offset what might have been a disastrous year for the Irish farmer.

The fact that the cattle trade did not recover all the ground lost in 1959 emphasizes once again the importance for Ireland of completing its bovine tuberculosis eradication program. Great Britain is traditionally Ireland's No. 1 cattle market, and today British buyers are reluctant to buy from Ireland any but fully attested cattle.

According to the terms of the trade

Above, harvesting barley at Athenry Agricultural College. Right, 60-pound Cheddar cheeses line curing-room shelves of a new factory in Limerick.

Photos from Embassy of Ireland

agreement that Ireland and the United Kingdom signed in 1960, Irish store cattle which are negative to the bovine TB test qualify for the full British guarantee price. For cattle which have been imported on "tolerance" to tuberculosis, the guarantee price less 3s. 6d. (49¢) per live hundredweight will be paid at the end of 3 months.

("Tolerance" means that the United Kingdom will accept live cattle imports if they have passed a bovine TB test 14 days prior to shipment, on the condition that the cattle are isolated in Britain for a 60-day period before passing a second test.)

If 1960 was a banner year for Irish agricultural exports, 1961 will probably prove to be an even better one. Generally speaking, last year's crops were larger than in the previous year —though wheat, barley, and apples were damaged by the hurricane "Debbie." There was good demand in the British market for live cattle, and again milk production was reaching a new record.

Exports Increasing

Thus, it is obvious that in the last few years the Irish farmer has made considerable progress and that the productivity per person engaged in farm-

Judging a shorthorn bull at the spring show of the Royal Dublin Society. Great Britain is the traditional market for Ireland's exports of live cattle.

ing has been steadily rising. This is reflected in Ireland's trade.

In 1956, the total of all Irish exports was about $292 million. In 1960, it was $414 million. Manufactured goods and nonagricultural raw materials made phenomenal gains—from $64 million to $147 million—in accordance with the government's economic growth program. Agriculture too showed a rise—$227 million to $267 million—in this 5-year period.

Sharing in this increase were exports of live animals which went from $110 million in 1959 to $125 million in 1960. Raw and processed foodstuffs advanced from $102 million to $123 million, with increased sales of frozen beef, butter, vegetables, cocoa, and chocolate products.

Great Britain, which has always been Ireland's leading customer, took 61 percent of total 1960 exports; at the same time, Ireland remained an important buyer of British goods. Despite future groupings of European countries, this reciprocal trade should continue—and even increase because of Britain's favorable guarantee price for Irish cattle.

If, however, both Great Britain and Ireland are accepted into Europe's Common Market, Ireland will find itself competing with the other Common Market countries whose agricultural products are more or less similar to those of Ireland. Consequently, Ireland is already striving to open new markets and is having some success. Last year the United States bought $17.8 million worth of fresh and frozen Irish beef, and the Union of South Africa increased its purchases of dried milk.

Looking ahead, Ireland is also developing a new industry—accelerated freeze drying—whereby meat, fish, fruits, and vegetables are quickly frozen so that they retain their original shape in the drying process. These can then be transported easily and stored indefinitely without refrigeration—which leads Ireland to believe that within 10 years a $140-million annual export trade in frozen food products can be built up, a large part of it with tropical countries, as well as with the United States, Canada, the United Kingdom, and certain others.

Cotton Highlights for 1961-62 Season In Some of the Major Trading Nations

For the world as a whole, here is how the 1961-62 cotton situation now looks. Production and consumption will be in close balance, as they were last season; but trade, after 2 big years, will show some decrease.

World cotton output hit its fourth successive record this season, at 47.5 million bales. Consumption, estimated at 47.3 million, will be near a record too. Stocks will hold near 20.5 million bales. However, trade may lag a bit this year, following a 2-year stock buildup in importing countries, in spite of record consumption. Still, trade promises to be about a million bales above the 1955-59 average of 14.8 million. Prices of most growths of upland cotton in world markets have trended upward since the longtime lows of mid-1959.

Importing countries.—Japan, which released cotton imports from quantity and source controls last April, took 3,500,000 bales in the 1960-61 season—close to an alltime high. Its textile industry, however, faces increased textile inventories, rising cotton prices, and continued strong competition for textile markets overseas. On the plus side are favorable economic conditions, more quality and variety in export goods, large quantities of lower priced cotton in beginning stocks, continued relaxation of cotton spinning curtailment, and the September agreement allowing some increase in textile shipments to the United States. Though its 1961-62 cotton imports may show some decline, Japan will probably remain the world's largest cotton importer, as well as the best customer for cotton from the United States.

West Germany expects some slowdown in textile activity. High consumer demand may be nearly offset by larger textile stocks and imports but smaller exports, and by competition from manmade fibers.

France expects a relatively favorable textile situation, though not so good as last year's. With textile imports up and exports down, it may buy slightly less raw cotton than the 1,408,000 bales of last season.

The United Kingdom still has labor problems in its cotton industry; its textile exports, especially to Australia, are down; and it is plagued by large textile imports, despite agreed quotas on shipments received from Hong Kong, India, and Pakistan. This season, imports may about equal consumption at around 1,200,000 bales.

Italy is maintaining its textile sales, both domestic and export, though with some inventory increase and price easing. Cotton imports should be near last season's 1,015,000 bales.

India expects a smaller cotton crop; but, with adequate stocks on hand, it may reduce its cotton imports considerably from last year's 860,000 bales. Its textile exports may drop from recent high levels, but domestic use will be record-high.

Exporting countries.—Mexico, with a 10-percent decline in cotton production, to 1,900,000 bales, looks for an export decline also, to about 1,400,000. Main markets are Japan, Germany, and Italy, to which Spain will again be added this year.

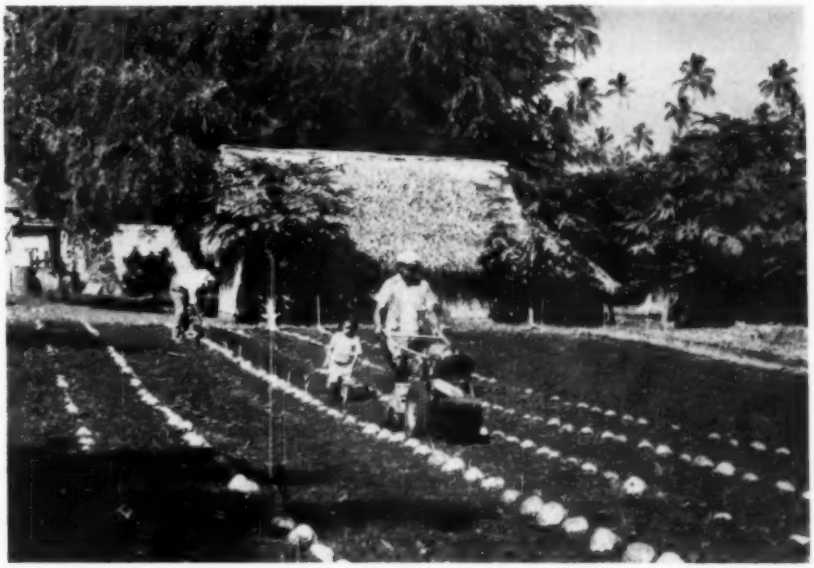
Brazil expects a near-record crop of 2,200,000 bales and a record-breaking domestic offtake. Exports could be a third above last year's 665,000 bales.

Peru, with Pima and Karnak crops about equal to last season's and near-record crops of other varieties (mainly Tanguis), will probably export more than the 478,000 bales of 1960-61.

Syria expects to break its 1960-61 record with a crop of 575,000 bales. Most of this will go into export, and much of it to the Sino-Soviet Bloc.

Egypt in 1961 planted a record cotton acreage, but severe leaf-worm damage may have cut the total crop to around 1,600,000 bales. Domestic use will probably continue upward, but export prospects are clouded by the government's efforts to reduce dependence on Communist markets and by continued weak demand for extra-long staple. However, even if exports fall below last season's 1,582,000 bales, they would still be above-average.

Sudan, after timely rainfall, expects a larger crop than last year's above-average 515,000 bales, and hopes for exports above last year's 433,000.



Selected strains of coconuts sprouting on a government experimental farm on Rarotonga. Such establishments are found on most of the high islands of the Cook group, their purpose being to improve the indigenous crops and, where possible, introduce new ones.

The Cook Islands and Their Agriculture

U.S. agricultural attachés rarely have a chance to report on the less known parts of the world, but last summer Daniel E. Brady, our attaché in Wellington, was invited to accompany a New Zealand Government party to the Cook Islands.

Among the numerous islands that dot the Pacific are the Cook Islands, named after one of the greatest explorers of all time, James Cook. While it is probable that he was not the first European to set foot on the Cook Islands, yet his second voyage of discovery in 1773 is given credit for the European discovery of the largest number of the islands.

Today these islands are sometimes called New Zealand's "Tropical Province." The area covered by the group is as large as New Zealand itself, yet the actual land involved is so minute—just under 90 square miles—as to be like specks of dust on even a good-sized map, if shown at all.

The islands lie in about the same position in the South Pacific as the Hawaiian Islands in the North Pacific. In all, there are 15 of them, divided into two groups, seven in the northern group and eight in the southern. While a number have easily pronounceable names such as Palmerston and Penrhyn, the majority go by Maori names like Mangaia and Aitutaki. Rarotonga, the "provincial capital," is the largest in the group and has nearly half the population. It is 1,600 nautical miles northeast of Auckland.

The basic racial stock of the islands is Polynesian but the people are customarily referred to as Maoris and are closely related to the New Zealand Maoris. But just as there are few "pure" Maoris left in New Zealand, so it is with the Cook Islanders.

Island Life Changing

For many centuries life on the Islands has been simple. The requirements for food, shelter, and clothing have not been too demanding. Items such as refrigerators are a luxury and practically nonexistent. Yet contact with the outside world is increasing, as means of communication and transportation improve. The question now is the rate and direction of change—and how improved education, medical care, and agricultural technology can be effectively harnessed and the new and old reconciled.

At the turn of the century, Great Britain made the Cook Islands New Zealand's responsibility, and ever since World War II, this country has been increasingly aware of the Islanders' needs, particularly with regard to health and education. But with education has come a growing concern on the part of the Maoris as to what their island life has to offer. The bright lights beckon from New Zealand, and many emigrate as soon as they find it possible.

The New Zealand Government, while it favors immigration as a way of relieving overpopulation in the Islands and supplying badly needed labor for certain New Zealand industries, realizes that unlimited immigration is not without problems. When there was only one small government steamer serving the Cook Islands, immigration was easy to control. Now with three-weekly liners accepting passengers from Rarotonga, the number is increasing and the labor force of the Islands is gradually being drained away.

Faced with this situation, the New Zealand Government has formulated some broad outlines for the economic development of the Islands, and has entrusted the task to its Department of Island Territories, whose officials were kind enough to ask me to accompany them last summer on a tour of the southern group of islands. I was delighted to go, for otherwise I

might never have seen these islands. My interest, naturally, was agricultural.

What They Produce

The Cook Islands have a Department of Agriculture which is active in citriculture, experimentation, education, and the maintenance of the citrus, coconut, and banana industries as well as of fisheries and afforestation. It also has charge of quarantine and the grading and inspection of produce for export.

The principal exports of the Islands are copra, citrus fruits and tomatoes, and smaller and more irregular exports of pineapple, bananas, and manufactured goods such as jewelry and handicrafts. Grown for local use are taro, manioc, kumars, and yams.

The livestock industry is sharply circumscribed. Cattle numbers approximate about 300 head, and a few of these are slaughtered for fresh meat. Practically no milk is produced for human consumption. Pigs and goats run wild—or near-wild—although considerable progress can be noted on one of the islands where farmers have breeding stock of improved strains.

In recent years, attention has been given to forestry in the southern group where the land will support second growth and some varieties of timber. In the northern group, growth is limited to coconut palm and low scrub.

Citrus is the leading agricultural industry. As early as the 1900's the Cook Islands were shipping oranges to New Zealand. The seedlings, however, tended to go wild, lowering production and quality; so to overcome this difficulty, the New Zealand Government introduced the Citrus Replanting Scheme.

The Cook Island Department of Agriculture assumed the responsibility for preparing the land, planting, fertilizer treatment, spraying, pruning, and such. This has permitted certain economies as well as insuring that a reasonable standard of grove management was maintained. The costs, however, have been charged back to the grower, to be paid as soon as the revenue from the new groves made this possible. The longer-range objective is to turn over the maintenance of the groves to the owners, with the Department furnishing technical assistance.

A reasonable degree of success has been achieved. To date approximately 450 acres have been replanted. In general, the groves average about an acre each, though there are many half-acre, or 45-tree, groves on the islands.

In 1961, total orange production totaled 81,000 cases, 24,000 above the previous year—most of this attributable to the citrus scheme. In addition, 14,000 cases of tangerines, 6,000 of mandarins, 2,200 of grapefruit, and 1,300 of lemons were exported—all to New Zealand.

Last year private interests from New Zealand installed a modern canning plant in Rarotonga. Production so far has been limited to orange juice and pineapple, although other possibilities are being investigated. Whether the project is economically feasible is still a question, but the products are being well received in New Zealand; also the plant provides an outlet for citrus from the other islands, where it is not possible to ship directly to New Zealand's fresh fruit market.

Copra exports in 1960 amounted to 1,214 tons. While the financial return from copra is not as large as from oranges, production occupies a far greater area. Furthermore, it is the only crop adaptable to all the islands.

The Cook Islanders, however, face two problems with regard to copra. The first is a shortage of new palm plantings, and the second is securing a suitable differential with respect to the quality of the copra. Admittedly, there is much to be done, but the government has put marketing on a more successful basis with cooperatives.

Tomatoes, because of their quick returns, are a crop of considerable value to the Islands. There is a good demand in New Zealand for winter tomatoes, and while that country's glasshouse tomatoes are preferred, those from the Cook Islands are cheaper. As a result, some 96,000 cases were shipped in 1960.

Shipments of bananas to New Zealand are limited because of inadequate shipping. (New Zealand gets its bananas from Western Samoa, Fiji, and Tonga, which are on regular shipping routes.) While the Islands Administration favors an expansion, transportation remains a problem; and there is some question as to whether the growers' interest can be maintained in supplying shoots for increased plantings.

While pineapples grow on all the islands of the southern group, commercial production is limited to Mangaia. Even there, prospects are not too bright. Again lack of shipping facilities is a barrier. Needed too are improved production techniques. The new cannery on Rarotonga may well prove to be the answer.

The Cook Islands could grow a number of other crops—namely, spices, peanuts, and coffee. Experimental plots and field studies are now underway to determine their feasibility.

Their Future

So much for the agriculture of the Cook Islands. At the end of my trip, I attempted to sift out my impressions and formulate some conclusions about the future of these islands and their relationship to New Zealand. These are the three that I reached:

First, it was quite evident that New Zealand has invested rather heavily in its Cook Islands. These investments have largely had to do with the general welfare of the people, health, education, and such. Moreover, these demands on New Zealand are not likely to abate since there would seem little likelihood of reversing the wheels of progress, even should this be possible or desirable.

Second, there is practically no chance of the Cook Islands becoming economically self-sufficient in the foreseeable future. Yet it is in the best interests of both New Zealand and the Islands to increase substantially the economic viability of the islands—and to do so as quickly as practical. Even though New Zealand desires to render every assistance possible to the Islands, there may be times when this will be difficult or even impossible.

And lastly, the agriculture of the Cook Islands in general complements that of New Zealand. Today New Zealand faces balance of payments difficulties. By replacing supplies from other areas, Cook Islands imports could save New Zealand more and more foreign exchange. Consequently, these remote islands, scattered over 850,000 square miles of sea, do have a place, though small, in the economics of world agricultural trade.

Loading bagged soybeans on lighter at Singapore for transport to Sarawak. Although U.S. soybean sales to Singapore have been small, prospects are very good for larger shipments.

Soybean Markets in Southeast Asia

Four areas in Southeastern Asia—Hong Kong, Malaya, Singapore, and possibly Sarawak—are growing commercial markets for U.S. soybeans and soybean oil.

This populous region grows practically no soybeans, yet more than half of the 13 million persons living in the area are Chinese whose daily diet is made up partly of soybean foods. Others are learning to eat these foods and probably could be induced to eat more if it were brought home to them that soybeans provide high-quality protein at low cost.

Communist China has long been the main source of soybeans for Southeast Asia. The United States sells to these markets, and this trade has been increasing rapidly in the last few years. But unfortunately, U.S. soybeans, while excellent for some foods, are not used for others.

Currently, the use of U.S. soybeans in the four areas is limited largely to those foods for which splits and broken beans are suitable—namely, soybean curd, soybean sauce, and soybean cheese. For foods calling for fermented beans, imports from other countries are used; for when the beans are broken and cracked, as they so often are with U.S. beans because of mechanized handling, germination is reduced

Obviously, it is a question of marketing practices. Countries that sell in this market—such as Communist China—have long recognized certain grades and standards as the basis for trade. To meet competition, U.S. exporters must adapt to these conditions too and ship U.S. No. 1 and No. 2 yellow beans, as well as beans of superior quality, with a high percentage of germination.

Certainly the market is worth the effort. U.S. soybean exports could increase to around a million bushels a year instead of 200,000 bushels now being shipped—and there is also good potential for bigger sales of U.S. soybean oil.

Soybean curd drying in the sun, Hong Kong. U.S. soybeans are used extensively for this very popular Chinese food.

At a Hong Kong plant soybeans from Communist China are fermented for processing into soy sauce and food products.

European Tobacco Crop Down In Wake of Blue Mold Attacks

A particularly virulent strain of blue mold fungus has severely damaged European tobacco crops in the past 2 years and its effects on production and trade may be felt in a number of countries for several more years.

Italy, France, and Yugoslavia, three of Europe's leading tobacco producers, were particularly hard hit. West Germany and Greece, two other big producers, suffered also.

Italy, a major tobacco producer, exporter, and importer, suffered a devastating attack of blue mold in 1961, after relatively mild attacks the previous year. The 1961 harvest totaled less than 60 million pounds, compared with 150 million in 1960 and an average of about 170 million in 1955-59.

The disease was first noticed in April 1961 in southern Italy and it quickly spread to growing areas throughout the country. The effects of the disease were especially severe on burley, flue-cured, Maryland, and cigar-wrapper types and less damaging to oriental and fire-cured tobaccos.

Total production of burley, Italy's most important export type, was about 5 million pounds, compared with 35 million in 1960. Flue-cured production amounted to less than half the 1960 crop of 24 million, and fire-cured was about half the 1960 crop of 19 million pounds. Both fire- and flue-cured tobaccos are important also to Italy's foreign trade in tobacco.

The Government of Italy took drastic measures to limit damage from blue mold, including destruction of tobacco stalks remaining in the fields and widespread chemical treatment of diseased plants. Still, losses were heavy, both to growers and to the many thousands of others usually employed in preparing tobacco for manufacturing.

It is still too early to predict the ultimate effects of the most disastrous tobacco-growing season in Italian history. It is unlikely that the area planted to most kinds of tobacco this year will be as large as in 1961. Growers will be hesitant to resume normal plantings after last year's severe losses.

Blue mold is also likely to affect export and import levels. Italy usually exports 25 million to 30 million pounds of tobacco and will try to maintain this volume by drawing on accumulated stocks. This, however, will be hard to accomplish.

Italian imports are almost certain to increase during the next year or so to partially offset the sharp drop in the domestic crop. Larger quantities of U.S. leaf, particularly burley and flue-cured, will be needed—at least on a temporary basis.

Other European Crops Down

West Germany, another large European tobacco producer, was hit hardest by blue mold in 1960. That year the crop totaled only 23 million pounds, less than half the average 1955-59 crop of 48 million pounds, and much of it was of very inferior quality.

Measures taken in 1960 to combat the disease sharply reduced the problem in 1961. However, many growers did not plant tobacco last year and others cut their acreages considerably. Consequently, although blue mold had little direct effect on German production in 1961, the crop was actually smaller than in the previous year.

These short domestic crops led to amendment of the German mixing regulations for leaf used in fine-cut smoking tobaccos. On March 1, 1961, the blending percentage for domestic leaf was reduced from 50 to 25 percent in order to qualify the product for preferential excise taxation. Only fine-cut tobaccos meeting the minimum percentage blending requirement may be sold for the lowest retail prices.

German imports of cigar leaf from Latin American areas have also been stepped up as a result of the sharp drop in domestic production. Demand for U.S. leaf, however, has not been significantly increased because most U.S. exports to Germany are cigarette leaf (flue-cured and burley) of which West Germany itself is not a major producer. Thus it was already a sizable U.S. customer for this type of leaf.

Several other major tobacco producers in Europe suffered considerable losses from blue mold last year. French production totaled only 82 million pounds, down 25 percent from 1960. Yields per acre were the lowest they had been in 7 years.

This put the 1961 crop well below the quantity of domestic leaf used annually in the Tobacco Monopoly's factories. In addition, quantities available to the monopoly from the Algerian crop, also severely damaged by blue mold in 1961, will be curtailed, further strengthening French demand for overseas leaf. The result will probably be larger imports in 1962, primarily of low-priced dark tobaccos from Latin American suppliers.

In Yugoslavia, a major producer and exporter of oriental and semioriental tobacco, the 1961 tobacco harvest suffered both from an outbreak of blue mold and from severe drought. The crop was only about 35 million pounds, roughly 50 percent below 1960.

Tobacco is too important an export crop in Yugoslavia to be allowed to go by the board, and the government, in order to encourage production in 1962, will subsidize growers to help them cover 1961 losses. All the same, it is likely that 1962 exports will be sharply below recent years.

In Greece, blue mold reduced the 1961 tobacco crop about 10 percent below early season expectations. Nevertheless, the crop, at 169 million pounds, was 18 percent larger than 1960's 144 million pounds.

More Buying, Less Selling

In these five European countries as a whole, blue mold cut the 1961 tobacco crop by an estimated 150–175 million pounds. This means far less tobacco available for sale by Europe's major exporters—Greece, Italy, and Yugoslavia—and greater demand for imports in the big importing countries, such as West Germany, France, and, to a lesser extent, Italy, in 1962.

It is still difficult to tell if the blue mold attacks in 1961 were sufficiently damaging to discourage growers from resuming normal plantings within the next few years. Either an effective control program for combating the disease or government price incentives could hasten recovery.

Prospects for U.S. Dairy And Poultry Exports to Asia

By DAVID L. HUME
Dairy and Poultry Division
Foreign Agricultural Service

The market potential for U.S. poultry and dairy products among one-fourth the world's population prompted a recent market analysis survey of nine Asian nations, Greece, and Egypt.

These countries took almost one-third of total U.S. exports of dairy products in 1960, and one-eleventh of its poultry meat. All poultry exports (except to Egypt) were dollar sales; almost all dairy exports were under government programs. What could U.S. exporters look forward to?

The survey concludes that American producers should be exporting more to these countries. The economies in many countries are strengthening and almost all are making some effort toward the better distribution of wealth which will raise mass purchasing power. And even now, it should be kept in mind that the buying power of the "carriage trade" alone in India, for instance, is larger than that of many smaller, better developed countries with far higher across-the-board incomes.

Protectionism Hinders Trade

Aside from relatively low mass purchasing power, the principal stumbling block to increased exports is the prevalence of high trade barriers. Protectionism in these countries has led to high retail prices beyond the means of the mass market. In one country with a low per capita income, retail meat prices are comparable to those in the United States. A 3½ pound frozen roasting chicken retails at around 75 cents a pound—yet the government bans chicken imports in order to increase domestic production, most of which is aimed at the export market. This country reportedly receives more than 50 percent of its national income from import duties.

Protectionism has begun to yield somewhat—notably in Japan—but in the long run will have to be solved on a government-to-government basis.

A second major problem is marketing and distribution, which to date have not had the emphasis given to production. Every country visited has its examples of scientific, modern dairy and poultry production. Almost nowhere, however, was sufficient attention paid to the efficient marketing and distribution necessary for any increased production. It is not fully understood that production for other than local needs must depend on the availability of a market.

Japan—Top Market Potential

At the present time, Japan presents perhaps the highest immediate potential of all countries visited for U.S. poultry and dairy exports.

No U.S. poultry went into *Japan* in 1960 and only 18,700 pounds in the first 9 months of 1961. Of the 116 million pounds of U.S. dairy products exported in 1960, 114 million were government-program nonfat dry milk for school lunches. However, Japanese officials, producers, importers, and wholesalers believe imports of both commodities will build consumer demand and strengthen the country's growing livestock industry.

Frozen poultry imports have now been liberalized and a proposal to liberalize imports of shell eggs may go into effect by October 1962. A general easing of import limitations should follow Japan's increasing dollar availability. This may well lead to dollar sales of U.S. nonfat dry milk which is competitively priced.

Hong Kong, a British Crown Colony and one of the world's largest transshipment points, is at present the biggest market in the Far East for U.S. poultry meat. In 1960 Hong Kong purchased 9 million pounds. A large Chinese population considers as delicacies such things as chicken and duck feet, wings, backs, and necks. This is not a "junk", but a "price" market, and poultry prices are sensitive to Mainland China imports.

Hong Kong does not have too much potential as a market for U.S. dairy products largely because of noncompetitive U.S. prices. Over 5 million pounds out of the 5.4 million pounds of dairy products the United States exported to Hong Kong in 1960, went under Government programs. Hong Kong, however, purchased 158 million pounds of canned milk in 1960 principally from the Netherlands and the United Kingdom.

Market development programs are under consideration for both Hong Kong and Singapore, which handles 70 percent of Malaya's external trade.

Singapore now re-exports small quantities of U.S. poultry meat to Borneo and other parts of Indonesia. Singapore imported 529,000 pounds of U.S. poultry meat in 1960, and 1.6 million pounds of U.S. dairy products, the largest share of it nonfat dry milk under government program. Principal sources of its other dairy imports are again the Netherlands and the United Kingdom.

The Philippines is the largest U.S. export market for evaporated milk. Out of total U.S. dairy exports of 111 million pounds in 1960, 74 million were evaporated milk and 15.5 million pounds were nonfat dry used principally in the production of filled milk. Both were dollar sales.

Nonfat Dry Milk Promising

The Philippines is trying to build up domestic milk and poultry production, as well as processing plants using locally produced raw materials—and in the case of dairy products, imported raw materials, also. As a result, Filipino licensing requirements make dairy imports difficult, and U.S. poultry is excluded altogether. Certain Philippine firms, however, might be interested in processing U.S. poultry meat in the future.

Commercial plants in *Thailand* and *Iran* use small quantities of U.S. dairy ingredients for processing into a variety of products. As consumer tastes are built up, these quantities should enlarge.

Thailand imports no poultry, and eggs and poultry available in local markets are relatively high priced. The United States exported 129,000

pounds of poultry meat to Iran in 1960. The country has a small, but growing, poultry industry, built on breeding stock from Israel. There are at least two sizable hatcheries, and one modern broiler production enterprise turns out about 3,000 birds a week.

Even though *India* has about 20 percent of the world's cattle, it must still import dairy products. The United States exported 37 million pounds of dairy products to India in 1960, practically all of which was nonfat dry milk under U.S. programs.

"Milk schemes," a method of milk distribution similar to that of U.S. dairies, are in operation in a number of large Indian cities. Twenty-five more are to be established within the next 5 years, which should increase the need for imported dairy products. This is particularly true of nonfat dry milk, used to tone down high-fat buffalo milk.

India imports no poultry or poultry products from the United States and is trying to build its domestic industry through a system of state poultry farms begun a few years ago.

Pakistan received about 11.5 million pounds of U.S. dairy products in 1960 under P.L. 480 and is now authorized to buy nonfat dry milk and poultry products under Title I. The country is currently seeking foreign investment for improvements in its poultry industry.

Lebanon Re-exports Poultry

Lebanon is an important trade center in the Near East and as such should command greater attention from U.S. poultry and dairy industries. It took 2 million pounds of U.S. dairy products in 1960 and a small quantity of poultry meat. U.S. strains of laying and broiler chickens are raised on a mass basis in Lebanon under modern, scientific methods. U.S. stewing hens have recently been imported into Lebanon and its export-import firms have sold U.S. poultry to such countries as Kuwait and Iraq. U.S. dairy products are arousing increased interest.

Egypt received over 1 million pounds of U.S. poultry under P.L. 480 in 1960 and is expected to take nonfat dry milk in the same manner. It is unlikely that Egypt will be able to buy for dollars in the immediate future. A trend in consumer taste was evidenced at the recent Cairo trade fair where Egyptians enthusiastically bought U.S. nonfat dry milk and poultry products.

Greece recently doubled its tariff on imported poultry to a steep 30 percent. Even so, U.S. poultry sales to Greece have grown steadily and in 1960 stood at 992,000 pounds, and passed the million mark in the first 9 months of 1961.

It is improbable that Greece will be a large market for U.S. dairy products, once the domestic dairy industry achieves its production goal. Greece, however, received over 4 million pounds of nonfat dry milk in 1960 and sample commercial shipments of retail-size nonfat dry milk recently moved to Greece.

Market Development

Aside from the sizable Filipino interest in evaporated milk and to a considerably lesser degree, that of several other Asian markets, future prospects for U.S. dairy products largely center about nonfat dry milk.

Although most U.S. shipments of this milk now move largely under P.L. 480 titles, there is a growing interest in nonfat dry milk for processing in a variety of ways within the importing countries. Competitively priced as it now is, nonfat is probably the U.S. dairy industry's best prospect for future commercial sales.

The U.S. poultry industry, which has heretofore concentrated largely on the booming West European market, is now becoming increasingly interested in the so-far small, but promising, Asian and African markets.

Specific projects to help introduce U.S. poultry under Title I have already been carried out in Turkey and Egypt.

The Institute of American Poultry Industries has had a representative in Japan with a local assistant who is running a promotional campaign in conjunction with the first large-scale introduction of U.S. poultry to the Japanese market.

It is anticipated that Japan will develop into a major market for U.S. poultry and that promotional work will be expanded to include a number of other countries in the Far East, notably Hong Kong and Singapore.

Our Sweet-Smelling Essential Oils Trade

Growing all over the world are plants which supply the essential oils used for perfumes and a host of other aromatic products. Trade in these oils is small in volume but high in value.

The United States, for example, carries on an essential oil trade that last year amounted to less than 6,000 tons but was valued at more than $31 million.

Our exports total about $12 million annually, mostly oils of mints and citrus fruits. The predominant markets are Canada, Western Europe, and Japan.

The import volume is even greater: Some $19.5 million of oils and dried plants last year, a slight increase in value—but decrease in volume—from 1959 and 1960. Some of these are the same mint and citrus oils we export and, in some cases, come from the very places to which we sell. The majority of imports, however, are essences of which the United States produces little.

Geranium, rose oil, and lavender come from France; camomile, dill, and pennyroyal from England; India supplies "heavy" fragrances like sandalwood; and a number of herb essences are bought from Spain.

To many of the countries that sell them, essential oils are important. Citronella sales are Taiwan's No. 1 source of U.S. dollars. Geranium oil is Algeria's second most important source. Cloves and clove oil are Zanzibar's most valuable exports.

Essential oils are expensive and perishable. They are highly concentrated—half a ton of orris root, for example, yields a small phial of oil—and volatile, i.e., they spread their aromas quickly and evaporate easily.

The oils are pressed, distilled, or dissolved—generally with animal tallow or grease—from herbs, flowers, and fruits. They are either used as they are removed (essences) or dissolved in alcohol (extracts).

These substance are employed mostly in perfume-making. The oils also find their way into such diverse products as soaps, cosmetics, medicines, soft drinks, liquors, baked goods, candy, meats, and insect repellents, both as flavorings and as sources of aroma.

Weights and Measures

—something for everyone and no two alike

If the United Kingdom joins the European Common Market it will have to ask itself whether it can still afford the luxury of maintaining its maverick measuring and monetary systems while its trade partners measure metrically.

Should the U.K. decide to make the switch, it will join a slow but growing trend toward uniformity in weights and measures. India adopted the metric system in 1958; Japan, a year later. The United States has eyed it on and off since 1790 when Secretary of State Thomas Jefferson advocated that the young country adopt it.

Officially, 90 percent of the world is either on the metric system or in the process of adopting it. However, official adoption is not the same as universal use, and a myriad of systems are still used in world trade.

Measures of weight and volume seem to fall into three groups. Probably the most troublesome is that represented by bananas and cotton. Bananas are picked and shipped in stems. In a good year, a stem of bananas may weigh 50 pounds or more; in a bad year, as little as 20. At the end of the banana crop year, months of tedious work go into adjusting figures—in the United States, to a 50-pound stem; in Canada, to a 1,000-bunch stem.

A bale of Indian cotton weighs 400 pounds. A bale from neighboring Pakistan weighs 392 pounds. American cotton comes in a running bale, usually weighing about 500 pounds—but that varies too.

A somewhat more sophisticated way to measure something is to equate it with something else. Thus, we have dairy products spoken of in terms of milk equivalent and flour in terms of wheat equivalent. And in northern Lapland grains are measured in crop units, one unit yielding the feeding value of one pound of barley.

It's just a small step from equating things to their raw materials or a representative crop to the use of a standard weight or measure such as the pound or kilogram. Unfortunately, a pound is not always a pound. In Cuba, for example, it is called a "libra," and one Cuba libra equals 1.0143 U.S. pounds. The kilogram, on the other hand, is always 1,000 grams, and this pet of the world's scientists, the gram, always equals the mass of 1 milliliter of pure water at maximum density in a vacuum.

All is further complicated by the problem of deciding when to weigh one's produce. Meat has a carcass weight and a ready-to-eat weight, and walnuts are specified as "unshelled" or "shelled," the latter very conveniently weighing just two-and-a-half times as much as the former.

Too Many Years

Time and money are also important in international trade. But before one can agree to ship something on the first of the year, one has to ask the question, "What kind of year?"

In the Moslem world, the calendar year begins on the 1st of Muharram, about June 15. But in the middle of the Middle East sits Israel, where the year begins on 1 Tishri, somewhere between Sept. 5 and Oct. 5, depending on how close it is to the once-every-19-years leap year. To add to the confusion, Iran's year begins on March 21 or 22 and Ethiopia's in September. Most of the rest of the world follows the Gregorian calendar, set up by papal fiat in 1582 and slowly adopted by most of the Christian world, including Russia in 1918 and Greece in 1923.

Using a fiscal year offers little comfort either. In the United States the fiscal year starts July 1, but India begins its fiscal year on April 1, and some countries don't believe in fiscal years at all.

Then, there are crop years and marketing years. Brazil's crop year begins on March 1, and in the United States, crop years vary with the crops.

In Egypt, Syria, the Congo, and Sudan, cotton pickers set to work in August and the crop year begins on Sept. 1. Quietly trying to bring some order out of the chaos, the International Cotton Advisory Council has decreed an Aug. 1 crop year and adjusts all its figures accordingly

As for money, there are nearly as many monetary systems as there are countries, usually expressible, though not always convertible, in terms of U.S. dollars or British pounds sterling.

The system may be as decimal as the American or as wildly nondecimal as the British. It may be complicated by such things as new francs replacing old francs, the difference between a deutschmark in West Germany and a deutschmark in East Germany, or changes in the relative values of the pound and the dollar. Further, similarities may be masked by differences in nomenclature. A Panamanian balboa, for example, is worth $1.

Favored But Not Used

Efforts have been made to standardize weights and measures, generally by encouraging the use of the metric system. Five years ago the Department of Agriculture made a study of the domestic grain trade, hoping to see the metric system put into use there. Resistance in the grain pits was too strong, however, and the project was abandoned. U.S. grain is still traded in bushels—but is shipped overseas in metric tons.

In Latin America, the U.S. Department of Commerce has been assisting the Central American Institute in its efforts to get the metric system, the official system of weights and measures throughout the non-English-speaking world, put into use. According to Lewis Judson of Commerce's Office of Weights and Measures, involved in the project, "Despite its official adoption, many people engaged in international trade just don't seem to use the metric system. Something should be done but I'm afraid it will be slow."

Probably men will continue to put their worried heads together and decry the variety of the world's measuring sticks. Probably they will continue to advocate the metric system—along with the universal calendar and Esperanto. However, until—or unless—tradesmen agree to abandon their individual systems, mathematical problems in international trade will continue to depend for their solution upon conversion tables and simple multiplications and divisions by factors correct to five or six decimal places.

Surplus-Food Nations To Participate In World Program To Relieve Hunger

The new FAO-UN World Food Program will marshall resources of a number of surplus food producing nations to relieve hunger and promote economic growth in underdeveloped countries.

The program, to be conducted initially on a limited, experimental basis, calls for contributions of $100 million in commodities, services, and cash over a 3-year period. An Inter-Governmental Committee of 20 nations that are members of the Food and Agriculture Organization of the United Nations will provide guidance on policy, administration, and operations.

Up to now, food aid extended by food surplus-producing countries has been primarily on a "bilateral" basis; that is, distribution has been carried out under separate agreements between supplying and receiving countries. The new FAO-UN operation will feature the "multilateral" approach—the distribution of contributed supplies through an international committee.

The new program had the strong support of Secretary of Agriculture Orville L. Freeman at the November meeting of FAO in Rome. It was approved by FAO and, later, by unanimous vote of the UN General Assembly.

Secretary Freeman has said of the program, "World hunger is properly a concern of all countries in a position to assist, even if they can assist only in a token way. No one nation—no matter how powerful—can win the war against hunger alone. Cooperative effort is needed. That effort can be applied most forcefully and most effectively through FAO and UN."

The United States already has committed itself to the donation of commodities valued at $40 million. FAO hopes that many countries will take part in the multilateral effort, even though their contributions may be small.

Existing bilateral arrangements between food-surplus and food-deficit countries would not be affected by the multilateral program. The United States has such arrangements with 42 countries.

Some bilateral agreements are large. For example, the United States has an agreement with India calling for the sale, over a 4-year period, of wheat and rice valued at $1,276 million, payment to be made in Indian rupees. A recent agreement between the United States and Pakistan involved U.S. farm products valued at $622 million, payment to be made in Pakistani rupees.

Cotton Textile Imports

(Continued from page 4)

injury from cotton textile import competition. The Tariff Commission found no injury, a finding in which the President concurred. Subsequently, several unsuccessful attempts were made to arrive at a mutually satisfactory agreement with Hong Kong for the control of its textile exports to the United States. These had risen from less than $100,000 in 1954 to $63 million in 1960.

In May 1961, the President announced a seven-point program of assistance for the cotton textile industry. The program encompassed the following points:

An expanded government program of research; a review of assistance in financing modernization of equipment through tax depreciation allowances; a study aimed at the elimination or offsetting of the adverse differential in raw cotton costs between domestic and foreign textile producers; and assistance to industries threatened with serious injury from imports.

Furthermore, the President requested that an international conference of the major textile exporting and importing countries be arranged for the purpose of seeking an international understanding to provide a basis for trade that would avoid "undue disruption."

The resulting 16-nation conference in Geneva agreed upon short-term arrangements designed to increase access to restricted markets, maintain orderly access to unrestricted markets, and secure a measure of restraint by exporting countries so as to avoid disruptive effects in import markets. A Cotton Textile Committee was also established by this conference, with the responsibility of devising a long-term solution to the problems, based upon the principles of the agreement.

A revised schedule for new textile machinery, to permit more rapid depreciation for tax purposes, and the submission of a request for action under section 22 on cotton textile imports, to offset the adverse differential in raw cotton costs, are other aspects of the President's program on which action has already been taken.

In his program for the textile industry, the President had pledged careful consideration of any application by the textile industry for action under existing statutes. The textile industry followed this announcement by filing an application with the Office of Civil and Defense Mobilization (OCDM, now called the Office of Emergency Planning) for an investigation to determine whether textiles were being imported in such quantities as to threaten the national security. As of late January, this petition was still awaiting action.

Much Unresolved

As can be seen, there are many complications yet unresolved that are certain to affect the long-term trend of U.S. foreign trade in cotton textiles. It is fairly certain, however, that the strength of the domestic textile market is of overriding importance. Also of great significance is the future price relationship between domestic and imported goods in the U.S. market.

The Tariff Commission and the President, through their disposition of the Section 22 action, and the American consumer, through his purchases, will all write a part of this history. In addition, the direction that U.S. foreign trade policy takes, as a result of the scheduled expiration of the Trade Agreements Act in mid-1962 and the development of larger trading communities abroad, will undoubtedly influence the way in which the United States deals with the complex problem of its cotton textile imports.

TRADING POST

Cuban Imports of Canadian Farm Products Up Sharply

With U.S. exports to Cuba virtually cut off, Canada has become Cuba's biggest noncommunist source of farm products.

Canadian farm exports to Cuba stood at $5.5 million for the first 7 months in 1961 compared to $3.2 million for the whole of 1960.

Purchases pointed up Cuba's goal of self-sufficiency and exportable surpluses, particularly in livestock. Reportedly, $2 million went for Canadian cattle in 1961, and $7 million was to be spent for other livestock, seed, and farm equipment.

In 1960, the United States sold Cuba around $13 million of cattle, hogs, and poultry; Canadian shipments in this category amounted to only $114,000, and in 1959 had been nonexistent.

U.S. Tallow Sales to Thailand May Rise With New Low Tariff

Thailand's effort to stimulate its soap industry by reducing import duties on inedible tallow to 1.4 cents a pound should send U.S. tallow sales up again.

The former tariff of 9.5 cents had made imported tallow uncompetitive with the 7-cent domestic price, and U.S. exports fell from 45,000 pounds in the first 9 months of 1960 to 9,000 for the same period in 1961.

Swaziland's Sugar Output Shows Eightfold Increase

Sugar production in the British High Commission territory of Swaziland jumped from around 7,000 tons in 1958-59, the first year of commercial production, to over 57,000 in 1960-61, and is expected to approach 80,000 tons in 1961-62.

All of Swaziland's sugar is marketed through the Republic of South Africa with a quota limit of 80,000 tons. Beginning in 1964, Swaziland will be allowed a quota of 8.5 percent of the sugar marketed by South Africa and, as the Republic of South Africa's sugar sales grow, so will Swaziland's.

Completion of a 140-mile railroad connecting Swaziland with the Indian Ocean port of Lourenço Marques in Mozambique may further encourage Swaziland's sugar production and possibly lead to independent sales.

Rhodesia-Nyasaland Selling More Tobacco to EEC Area

The United Kingdom is still the No. 1 tobacco market for the Federation of Rhodesia and Nyasaland but, as production rises, so do sales to the European Economic Community.

Rhodesia is second only to the United States as a producer of flue-cured tobacco and enjoys tariff preferences in the United Kingdom and other Commonwealth markets. The United States supplies about half of U.K. tobacco imports and about a quarter of EEC imports.

Argentine Sorghums Exports Rise as Other Grains Fall

Argentina's sorghums exports almost quadrupled in the first quarter of fiscal year 1961-62, although overall grain shipments were off 40 percent due to a small 1960 crop.

Stepped-up exports to the United Kingdom, Denmark, and West Germany were principally responsible for the jump to 88,124 metric tons from 22,876 tons during the same period in the previous year.

Argentine sorghums exports have been around 220,000 metric tons for the last three years—a not-too-close second to U.S. exports, which have been consistently over 2 million tons. However, Argentine exports have risen considerably from the 1951-55 average of 59,400 tons and could rise much more with improved farm techniques.

New Competition Faces Vegetable Oil Shippers

U.S. exporters of vegetable oil may face new competition from a number of sources:

- In Senegal, the government will control most of the marketing of the 1961-62 peanut crop, with the ultimate aim of channeling all peanut sales through government-organized cooperatives at fixed prices. More orderly marketing will probably lead to an increase in exports.
- Nigeria is making it easier for importers to buy its peanuts. Sales are no longer restricted to brokers and merchants in the United Kingdom and transactions will be negotiated on the same terms in Lagos as in London.
- Brazil's rapidly expanding soybean exports will soon be of graded and classified beans meeting uniform quality standards.

Norway and Denmark To Buy More U.S. Corn for Feed

The Danish Government has lifted its temporary embargo on feed grain imports, imposed to raise domestic prices of grains and pork. It is believed that enough grain will be imported during the rest of fiscal year 1961-62 to make up for the 2 months with no imports.

Denmark buys about 900,000 metric tons of feed grains a year, more than half of it, most corn, from the U.S.

Along with the renewed Danish imports will be increased purchases of U.S. corn in Norway. These imports may top 100,000 tons in 1961-62, due in part to a new Norwegian law prohibiting use of unmilled feed grains other than corn.

Canada Might Not Use Its Extra Tobacco as Expected

Canada was expected to smoke up most of its increased production of flue-cured tobacco. However, production consistently above predictions, domestic use increasing less rapidly than predicted, and overseas sales promotion by growers resulted in larger exports to the United Kingdom—which is a market for about 90 percent of Canada's tobacco exports—as well as to new areas.

UNIVERSITY MICROFILMS, INC
313 N FIRST ST
ANN ARBOR MICH
357 5-22-59

UNITED STATES
GOVERNMENT PRINTING OFFICE
DIVISION OF PUBLIC DOCUMENTS
WASHINGTON 25, D. C.

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, $300
(GPO)

If you do not desire to continue receiving this publication, please CHECK HERE ☐; tear off this label and return it to the above address. Your name will then be promptly removed from the appropriate mailing list.

New Facilities May Double Nicaragua's Beef Exports

The doubled capacity of Nicaragua's principal slaughter plant and new cold storage facilities are expected to raise beef exports to $7 million in 1962—or almost twice those of 1961. Most of these exports will continue to go to the United States.

To support this growth, Nicaragua imposed a 3-month ban on live cattle shipments in 1961 which probably cut appreciably into cattle exports for the year. The bulk of Nicaragua's live cattle is sold to neighboring Costa Rica. The United States takes none because of fever ticks.

Other slaughter facilities under consideration are expected to give Nicaragua additional beef production for export to the West Indies and Latin American countries.

Spanish Table Olive Pack Well Below Last Year's

Spain produced fewer than half as many table olives for export during 1961-62 as it did for 1960-61. Its total olive production was down also.

Usually the United States buys almost 40,000 short tons of these pickled green olives a year, 90 percent of them from Spain. This year Spain's export crop will probably be as low as 24,000 tons.

Greece's production was expected to be very large but predominantly of black olives. Only about 1,100 tons of green table olives are expected to enter world trade from Greece. Because of the short supply, olive prices will probably be higher this year.

Portuguese Common Market May Double Mutual Trade

The world's newest Common Market got underway on January 1, when Portugal and its six farflung dependencies began leveling tax barriers to a mutual trade now worth about $150 million a year.

Portuguese economists think free trade and stepped-up overseas development could double that figure and compensate for the government's loss of tax revenue.

Customs duties on territorial exports entering Portugal are to be abolished by the end of 1964, save for certain competitive farm products. Duties on Portugal's exports to the territories will end over a 10-year period in order to protect economic development in those territories.

Under the new setup, any Portuguese bid for membership in EEC would probably include the territories, as will Portugal's expected inclusion in GATT. Portugal could hardly afford isolation from big markets in Western Europe, or the United Kingdom.

Imported Dates Must Meet U.S. Grade "C" Standards

Beginning this year, imported dates for packaging and retail sale must meet the same quality standards as U.S. dates. Imports will have to pass USDA inspection for uniformity of color and size, absence of defects, and general character, with a score equivalent to U.S. Grade C or U.S. Standard, the lowest acceptable grade for domestic dates.

Some decline in U.S. imports during the 1961-62 season may result from this new ruling. Iraqi and Iranian shippers are withholding dates because they either think them substandard or are apprehensive about the effect of the new regulations. Any decline would probably be temporary, with exports recovering as soon as these countries can improve their packing and handling methods.